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SUBJECT: MOROCCO: DELIVERY OF 2009 INDICATOR SCORECARD

REF: STATE 111916

Sensitive but unclassified -- please handle appropriately.

¶1. (SBU) Summary: Economic Counselor and MCC Country Director delivered advance copies of Morocco's 2009 indicator scorecard in November 5 meetings with Minister of Economic and General Affairs Nizar Baraka and Primature Secretary-General Mohamed Hajoui, and then subsequently with officials at the Americas' Directorate of the Ministry of Foreign Affairs. Baraka and Hajoui expressed appreciation for ongoing progress on Morocco's 2008 MCC Compact, as well as for advance notice of the 2009 results, but took strong issue with some of the indicators, particularly regarding "Democracy and Governance" and "Investing in People." They opined that there must have been an error in the indicator on expenditures on primary education, and also argued that Morocco's continuing failure to pass the median on "civil liberties" and "political rights" reflects neither the political reforms that have occurred here in recent years nor the "reality" that Morocco's press is the freest in the region. As in 2007, they indicated that Morocco will send a letter to MCC outlining its concerns, for consideration by the board at its December meeting. End Summary.

¶2. (SBU) Baraka, who played a leading role in preparing Morocco's responses to the scorecard in 2006 and 2007 in his earlier incarnation as Deputy Head of the Moroccan team that negotiated the Compact, expressed appreciation for advance notice of the results and pleasure with the improvement in Morocco's scores on "Economic Freedom." (Note: Morocco passed four of the five categories this year, after having fallen short of the median on four indicators last year.) He and Hajoui argued that the shift shows that the data is starting to "catch up" with the reforms that Morocco has implemented in recent years. He questioned, however, Morocco's score on fiscal policy, expressing surprise that an indicator based on IMF sources continues to score what the IMF has termed a "model performance" below average.

¶3. (SBU) Regarding "Investing in People," Baraka also expressed surprise that the results deteriorated so sharply from last year. He noted that there has been no shift in the government's commitment in the area of primary education or immunization, and that the GOM's own indicators show rising immunization rates. He was particularly non-plussed by the education result, noting that the government continues to allocate increased resources to the sector (a 23 percent increase in the 2009 budget) and that this is difficult to reconcile with the magnitude of the drop (from the 78th to the 44th percentile). Overall, Hajoui noted, 53 percent of the 2009 budget is devoted to "social" sectors, reflecting the government's overall focus on such issues. Health spending is also increasing, he noted. The two asked that MCC review the data, to ensure that no "methodological issues" clouded the result.

¶4. (SBU) Though Morocco cleared the hurdle on "Ruling

Justly," Baraka and Hajoui expressed disappointment with continuing low marks on "Political Rights," "Civil Liberties," and "Voice and Accountability." Baraka argued that the scores fail to reflect the "democratic methodology" evident in the important political evolution that is occurring in Morocco, with "transparent" parliamentary elections in 2007 and installation of a government led by the winning party. They also challenged the low scores on "civil liberties," arguing that "liberty of expression is a reality in Morocco." This is evident in the papers every day, Hajoui argued, and has not been challenged by the government. He argued that recent court cases against journalists that have sparked criticism were not initiated by the government, but rather were sparked by "private complaints" from individual citizens. He stressed that Morocco is working with journalists to review the press code and take it to a "higher level," but that under current law "real liberty of expression is respected," making Morocco a "benchmark in the region."

15. (SBU) Noting the declining (though still passing) score Morocco received on corruption, Baraka and Hajoui stressed that Morocco has registered important progress this year in addressing the problem. They pointed to the recent establishment of the "Central Anti-Corruption Agency," which will monitor developments and lead public education campaigns against corruption. They also highlighted the recent publication of regulations requiring government officials to publicly declare their assets every two years. This newly implemented requirement, they noted, comes with real teeth and a broader scope than earlier efforts to compel such declarations. Finally, Hajoui highlighted Morocco's

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innovative effort, through an interministerial commission that he chairs, to identify all areas where current law and regulation gives government agencies discretionary authority. The goal, he said, is to reduce the scope of such discretion, as it frequently gives rise to corruption.

16. (SBU) Baraka and Hajoui noted that like last year Morocco will prepare a letter to the MCC before the December board meeting, to provide the board with additional information about Moroccan activities in areas where they feel the indicators do not adequately reflect the progress that has been registered. The letter will also highlight the "positive dynamic" that has characterized Morocco. In the later meeting at the Foreign Ministry, America's Desk officials, who offered less substantive comment on the results, noted they will work with the Primature and Economic Ministry to ensure that all Moroccan agencies provide input to the response.

17. (SBU) Comment: Notwithstanding concerns in certain areas, we share the GOM's view that Morocco remains on a positive trajectory, even where its scores do not put it above the median. Clearly work is needed in a number of social sectors, as the GOM's budget priorities reflect. MCC may wish to review, however, the methodology on the primary education indicator, as the sharp decline registered there has provoked particular surprise in the GOM, and appears difficult to reconcile with what has been a steady increase in resources devoted to education. End Comment.

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